

Date: September 21, 2001

From: Director, Office of Asset Enterprise Management (004B)

Subj: Responsibilities for Enhanced-Use Leasing Program

To: Administration Heads, Assistant Secretaries and Other Key Officials

1. On June 6, 2001, the Secretary approved the establishment of the Office of Asset Enterprise Management (OAEM) within the Office of Management. One of the responsibilities of the OAEM is to provide oversight and management of the Department's enhanced-use leasing program. In order to fulfil this responsibility, the OAEM has commenced a review and evaluation of the current Departmental enhanced-use directives and policies, which will include input from the Administrations.
2. Following completion of this review, new policies will be developed, vetted and implemented. Until such a review is completed, the following interim procedures (Attachments A and B) will be undertaken to assure that current enhanced-use leasing initiatives are appropriately acted upon in a timely manner. These procedures essentially reflect current practices and processes. All remaining policies and procedures as set forth in current Department directives will continue to apply.
3. Administrations and staff offices are currently in the process of identifying and developing a capital asset management focal point within their respective organizations (EDMS # 152956). In addition to, or as part of this focal point, we are requesting you identify a point of contact for enhanced-use leasing initiatives. Once identified, OAEM will provide training on the enhanced-use leasing program, processes and business plan development for focal point staff and points of contact. Additional individual training will be provided on an "as requested" basis.
4. Please have a member of your staff contact James Sullivan at 273-5254 or Jake Gallun at 273-8862 if you require additional information regarding these interim procedures.

/s/  
Anatolij Kushnir

## INTERIM POLICIES FOR THE DEVELOPMENT AND REVIEW OF ENHANCED-USE LEASING INITIATIVES

### A. Program Policies and Responsibilities for Enhanced-Use Leases

Each Administration will continue to be responsible for planning, preparing the necessary documentation, and budgeting for their respective enhanced-use leasing initiatives. As part of this responsibility, each Administration will identify potential enhanced-use leasing opportunities on an annual basis for inclusion in an operating plan submissions. OAEM will provide policy guidance and program oversight and in some instances program development and project implementation. In addition, OAEM will provide technical assistance and consultation on an “as-requested” basis.

### B. Project Initiation By Enhanced-Use Business Plan Concept

All enhanced-use leasing projects will be initiated through the business plan approval process. Administrations will be responsible for preparing a business plan for each proposed initiative. The business plan is a narrative description of the proposal that sets forth in general terms the following information:

- Nature and purpose of the initiative (e.g., whether it is to obtain services, space, revenues, consolidations, reduce costs, promote certain VA programs, etc.);
- Preliminary feasibility analysis including alternatives;
- Project goals and objectives,
- General description of property involved including suitability for the proposed use and preliminary opinion of marketability and value;
- How the initiative relates to veteran programs, the VA programs or operations, VA mission;
- Any known interest or potential interest in the subject property by non-VA entities;
- Potential veteran, community , and environmental impacts;
- Proposed key business and legal terms; and
- Range of potential revenues, savings and budgetary impacts.

Please note that the objective of this effort is to provide a *conceptual* outline of the proposal so as to inform the reader of the proposal’s scope, purpose and objectives as well as raise any issues that may adversely impact the Department. It is not intended to include any detailed financial analysis or supporting documentation. Such information will be developed and included in subsequent project justifications.

### C. Business Plan Clearance Process

Each Administration will be responsible for reviewing and securing all necessary concurrences from the appropriate offices and programs within their organization (including the Veterans Canteen Service if such project impacts canteen activities). Upon securing the appropriate concurrences with the business plan, which must include concurrences from General Counsel and Congressional and Legislative Affairs, the initiating Administration will forward the business plan, concurrences and an identified point of contact, via electronic mail, to OAEM (Investment and

Enterprise Development Service Director, Jacob Gallun). OAEM will review each package on the basis of its proposed business terms, budgetary impacts, compliance with Department objectives and asset management policies.

Upon completion of the review, OAEM will forward the business plan with appropriate recommendations to the Office of the Assistant Secretary for Management for review and approval. OAEM's recommendations will include a determination as to the appropriate VA office that shall have responsibility for the project's execution based on the resources and levels of expertise developed within the requesting Administration. In some instances the appropriate office responsible for the project's execution may be in an Administration and in others situations it may be OAEM.

Once approval is obtained by the Office of the Assistant Secretary for Management, OAEM will notify the respective Administration's point of contact by electronic mail that all business clearances have been received. A "hard" copy of the business clearance will also be forwarded to the Administration's point of contact. The initiating Administration must wait until these clearances have been received prior to scheduling a public hearing. At this point in time, OAEM will also make a preliminary determination as to the significance of the project (see F. below).

**D. Public Hearing(s)**

After receiving clearance from the Office of the Assistant Secretary for Management, the initiating Administration will schedule, advertise and conduct the appropriate public hearing(s). These hearings will be coordinated with OAEM in advance to assure consistency and compliance with the enhanced-use leasing authority and Departmental policies. As requested, OAEM can provide assistance with planning and conducting public hearings.

**E. Notice of Designation to Congressional Committees**

Upon conclusion of the public hearing, should the initiating Administration decide to continue with the proposed project, the Administration will proceed in one of the following manners:

- a) Public Hearing Is Non-Controversial And Results In No Changes To Proposed Project: The initiating Administration will forward previously granted concurrences (Step C above) with the "Notice of Designation of Property for Enhanced-Use", to the Secretary for approval, through the OAEM;

or

- b) Public Hearing Is Controversial And Results In Changes To Proposed Project: The initiating Administration will obtain Departmental clearances (i.e., General Counsel, Congressional and Legislative Affairs and Assistant Secretary for Management) on the revised project. The initiating Administration will forward

these newly obtained concurrences along with the “Notice of Designation of Property for Enhanced-Use” to the Secretary for approval, through the OAEM.

Upon signature by the Secretary, the Notice of Designation will be returned to the initiating Administration so that it may be forwarded to the appropriate offices for publication in the Federal Register and dispatched to the Department’s Congressional Oversight Committees as mandated by law.

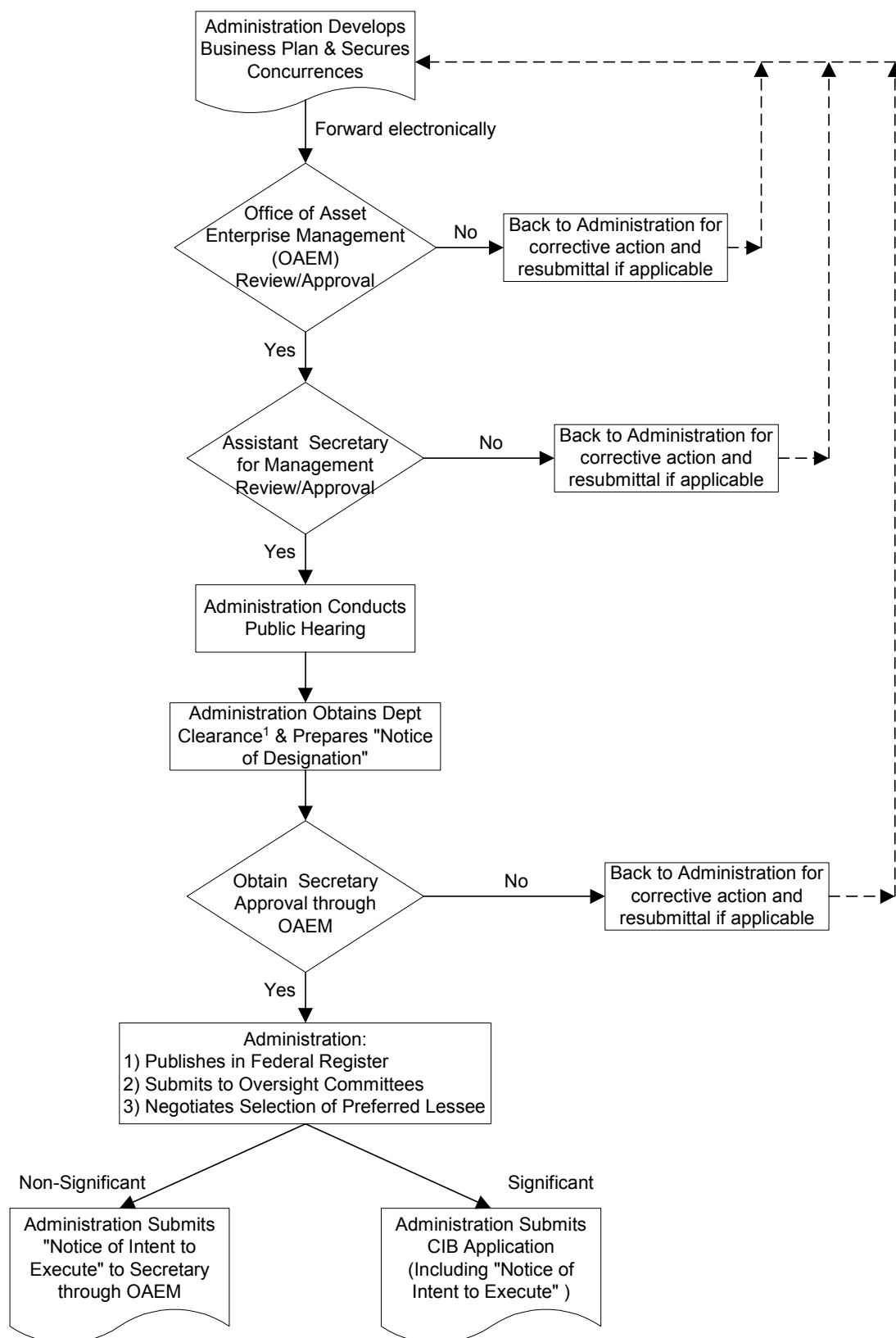
**F. Finalization of Enhanced-Use Leases and Notice of Intent to Execute**

Administrations will be responsible for negotiating and selecting a preferred lessee in accordance with the policies and mandates of the enhanced-use leasing authority and finalizing all business and legal terms of the proposed lease.

OAEM will provide final determination of the “significance” of a project and the initiating Administration will proceed accordingly:

Significant Projects: The initiating Administration will submit a Capital Investment Board (“CIB”) application to the Senior Management Counsel (SMC) for initiatives that meet established thresholds (combined contributions from VA and developers exceeds \$4 million present value) in accordance with existing VA policies and procedures. This application will include a “Notice of Intent to Execute an Enhanced-Use Lease” as an Attachment to the CIB application. Enhanced-use leases approved by the SMC/CIB will be forwarded by OAEM to the Office of Management and Budget for clearance prior to submission to the Secretary for signature and dispatch the Department’s Congressional oversight committees as mandated by law.

Non-Significant Projects: For initiatives that fall below the established thresholds (combined contributions from VA and developers does not exceed \$4 million present value), each Administration will prepare and submit a “Notice of Intent to Execute an Enhanced-Use Lease” (along with appropriate documentation demonstrating concurrences from Assistant Secretary for Management, General Counsel and Congressional and Legislative Affairs) to the Secretary through the OAEM. Once approved and signed by the Secretary, the Notice of Intent to Execute an Enhanced-Use Lease will be forwarded by the initiating Administration to the appropriate offices for dispatch to the Department’s Congressional oversight committees.



<sup>1</sup> Includes General Counsel, Assistant Secretary for Congressional and Legislative Affairs, OAEM, and Assistant Secretary for Management